SITUATION REPORT

Domestic Politics

1. Summer Session of the National Assembly
   a. Prime Minister Reports on Noneconomic Aspects of Government's Program
   b. Prime Minister Reports on Economic Situation and Policy
   c. Minister of Finance Reports on Budget

Minorities

2. Plea for "Sober and Objective" Talks on Minority Issue with Romania

Domestic Economy

3. Red Tape Hinders Use of Patents

Agriculture

4. Speedy Delivery of West German Combines Helps Save Hungarian Harvest
5. Co-operation Projects Help Increase Agricultural Exports to West
6. Agro-Industrial Associations: Impeded by Conflicting Interests

Education

7. Summer Universities

Social Issues

8. Sharp Increase in Alcohol Prices Announced
DOMESTIC POLITICS

1. Summer Session of the National Assembly

The summer session of the National Assembly was held on 6 and 7 July 1978. There were three items on the agenda: the Council of Ministers' report on its work and future tasks; the draft bill on the implementation of the 1977 budget, and question time.

The FRG parliamentary delegation visiting Hungary was also present on the first day of the session.

Premier Gyorgy Lazar, who first submitted his government's program to the National Assembly in the fall of 1975, now gave his first report on the implementation of that program.

a. Prime Minister Reports on Noneconomic Aspects of Government's Program. Domestic Policy. Lazar began his speech by saying that the government had followed the policy laid down at the 11th HSWP congress in March 1975. Domestic political life is well-balanced, constitutional order and socialist legality prevail, the country's international prestige has increased, society's socialist traits have become stronger, the standard of living has risen, the material bases of culture and science have expanded, and the building of a developed socialist society resolutely continues. The older and the younger generations; atheists and religious people; workers, intellectuals, co-operative peasants, and artisans; Hungarians and those of a different mother tongue have come together in popular-national unity, and work in "harmony and friendly alliance."

Lazar then went on to refer to co-operation with the trade unions. Problems between the government and the National Trade Union Council, the ministries and the branch trade unions, although "debated at times," were always solved.

Council of Ministers' Self-Criticism. Lazar had pointed out in his 1975 government program that the Council of Ministers' directing activity was inadequate and must be improved. In his current report he also treated the subject fully and said that although the government and its organizations had, on the whole, solved important tasks at an acceptable standard, results were still inadequate and thus "we see a number of matters which could be improved in our own work as well." He enumerated the deficiencies in government work as follows: the long period between recognition of a situation demanding change, the decision to act in a certain way, and the implementation of the decision; in some cases the implementation of decisions was too slow; some measures and rules were precipitant; in economic growth central direction insufficiently enforced demands for efficiency; even today some decisions were made at a higher level than justified by the nature of the matter, and superfluous interference has increased; in many spheres of administration work was slow, and there was too much bureaucracy; there was too much duplication in control, and enforcement of responsibility was defective and uncertain.
Lazar continued by discussing the steps he wishes to take to improve governmental work. The Council of Ministers passed resolutions to improve decision-making, state administrative procedures, and the control system, and provided for a more accurate regulation of the role and tasks of central direction and, within this, branch management. The removal of unnecessary organizational duplication and a reduction in the excessive number of committees are planned. In future the government wishes to increase the leaders' personal responsibility and, in the case of state employees, to guarantee through suitable cadre selection, the best personnel conditions for the fulfillment of the increasing tasks.

Housing. Although in the present five-year plan (1976-1980) a higher number of apartments were built than provided for (altogether 187,000), and within two years more than 500,000 people had moved into new homes, housing still represents a serious problem, principally in Budapest where a large number of old houses had to be pulled down. The number of people waiting for apartments is still large and has even increased lately. There are many complaints that when new housing developments are built, shopping centers, kindergartens, schools, and cultural centers are added only much later, and mainly only in Budapest. Despite state support, because of rising building costs families with an average income and young people must bear great financial burdens in order to get new homes. The government is looking for solutions to the problem, and is also counting on the public's independent activities. Despite these problems, Lazar declared that up to now the growth in housing, the building of roads, and mass communications had been considerable.

Social Institutions. The Prime Minister said that the government was very concerned about the public's medical and social welfare and the development of children's institutions and education; he increased the sum allocated for these purposes over the last two years by 17 per cent, so that it now amounts to close to 33,000 million forint.

Although the operation of the medical system has improved, demand is not yet fully satisfied. Overcrowding in hospitals, creches, and homes is especially worrying. Apart from building new medical establishments, costly reconstruction of obsolete hospitals must also be completed. The condition of the latter is extremely bad in Budapest, since after 1945 the concentration was upon improving the extremely backward situation in the provinces, but in future greater care will be taken to improve conditions in the capital. Special concern is being caused by the labor shortage in the health sector. Lazar announced that the government had recently discussed the development of health welfare and had determined short- and long-term objectives in this sector.

Education. Lazar also stressed the educational deficiencies which still remain to be eliminated. Child welfare is inadequate, one of the principal problems being the serious shortage of homes where school children can spend the hours between school and going home. As in previous years, the number of schoolchildren will increase at a rapid rate, so that greater efforts are to be made to satisfy demand. The drawing up of a long-range development program for
public education is an important government objective, involving more provident planning of the requirement for specialists in accordance with national economic needs, and the modernization of the curriculum and the organization of public education.

Scientific Research. Lazar said that today there are more than 80,000 people employed in research and higher educational institutions, close to half of these being scientific researchers and instructors. The government spends more than 3 per cent of the national income -- altogether 17,000 million forint -- on research and development. In future, the government will actively support the practical development of science; it expects more initiative and co-operation, especially in developing modern, marketable products and new manufacturing methods. The report urged that science should rely more on foreign achievements. The adaptation and introduction of foreign research should be increased, especially that offered through co-operation ventures with the socialist countries. Progress must be made in speeding up the practical application of scientific discoveries. Financial incentives are to be developed and the organization of the research network brought up to date. Lazar said that the government regarded appropriate support for enterprise research as important together with the development of direct contacts between enterprise, institute, and university research for better co-ordination in this field. The most important aims were recently summed up in a Council of Ministers’ resolution.

Foreign Affairs. In the final part of his report Lazar said that the continuous strengthening of the international socialist community's unity remains the main principle of Hungary's foreign policy. The developing countries will continue to be supported by Hungary in their struggle against imperialism and neocolonialism and in their economic independence. The government will also expand its relations with developed capitalist countries since the multilateral development of cultural, scientific, and economic co-operation between the socialist and the capitalist countries is of vital importance to the maintenance and deepening of the process of détente. It was said with satisfaction that Hungary had progressed in its relations with the West European capitalist countries and the US. Dealing with the question of détente, Lazar asserted that anti-détente activities had been demonstrated by "extreme reactionary circles" and their increasing attacks against the Soviet Union, the socialist countries, and peace-loving forces in the progressive world. "Unfortunately this ignominious endeavor is also receiving support from the Chinese leadership." It was also regrettable, said Lazar, that pressure from imperialism and neocolonialism was becoming stronger in the developing countries. In connection with the implementation of the Helsinki Final Act, the Hungarian premier declared that the government of the Hungarian People's Republic, "as in the past, will continue to work in the future for the full implementation of the provisions of the Helsinki Final Act." It was aware, however, that no spectacular results could be achieved overnight. Relations between the Soviet Union and the US have a particularly strong influence on the international situation. After stressing the importance of various negotiations to stem the armaments race, the report went on to discuss the removal of sources of tension endangering world peace, and condemned the Chinese leadership's actions against the Vietnamese Socialist Republic.
Debate on Lazar's Report. Following Lazar's report 25 speakers took the floor, among them Politburo member and CC Secretary Karoly Nemeth, Deputy Prime Minister Gyula Szeker, Minister of Agriculture and Food Pal Romany, and Minister of Public Construction and Urban Development Abraham Kalman.

In the course of the debate, the problem of minority nationality groups was also raised. A parliamentary deputy from Baranya County (a county in the south with a relatively high percentage of ethnic minorities) stressed that the ethnic population is taking an active part in the work of building society, has the same rights as the majority population, and participates to the same degree in the wealth produced. "Much is done in order that the ethnic minorities can cultivate their mother tongue, culture, and traditions, and as a result are satisfied with their lot. In places where minorities are living, especially in cities, institutions indispensable for the development and fostering of ethnic culture must be created" (Magyar Hirlap, 8 July 1978).

A representative from Pest County, Miklos Nagy, Secretary of the Foreign Affairs Committee of the National Assembly, while analyzing Hungarian foreign policy declared that Hungary's international prestige was increasing. "Those who visit us from countries with differing social systems greatly value our achievements, but add at times that our foreign policy is too one-sided." This is disproved, he said, by the activity and initiative shown by Hungarian foreign policy. But if one considers the fact that this foreign policy supports all the endeavors of the Soviet Union and the socialist countries, then it is truly "one-sided and void of all ambiguity," declared Nagy. In the past two-and-a-half years Hungary has taken up diplomatic relations with 17 developing countries, setting up embassies in 6 of them. It seems that the implementation of the Helsinki Final Act has slowed down and the activities of those against co-operation is increasing, although this co-operation has many supporters in the West as well. Miklos Nagy went on to declare that the Belgrade conference was not the "cemetery" of Helsinki and cannot be regarded as a failure. He criticized the American leaders for making the continuation of détente and the reduction and termination of the armaments race dependent on the solution of conflicts developed in some areas of the world in accordance with their own interests.

Prime Minister Lazar briefly replied to the comments, and the house unanimously approved his report.

b. Prime Minister Reports on Economic Situation and Policy.
Prime Minister Lazar said that a concentration of forces is the main task in the years ahead in order that the government can meet its economic objectives. The need is for "every element of economic management to rise to a qualitatively higher standard."

Despite the fact that in the first two years of the current five-year plan (1976-1977) significant results were achieved in every area of the economy -- an increased output of close to 12 per cent in industry, approximately 8 per cent in agriculture, and 11 per cent in the construction industry -- many problems still remain. Notwithstanding this rapid growth, a strong imbalance prevailed in the economy principally because of the large deficit in foreign trade. Lazar gave the following reasons for this unfavorable development:
(1) Changed world market prices had caused considerable losses to the foreign trade sector because of the deterioration in the terms of trade;

(2) "Capitalist" market conditions had not improved, indeed, they had even become worse in some places because of the protracted economic crisis and self-protecting measures;

(3) Hungarian economic management and organization could not cope with increased demand.

To rectify the imbalance large foreign credits had to be used, mainly to modernize production and increase the export production of industry and agriculture.

Premier Lazar said that in future, however, "reasonable moderation" was needed in raising foreign credits.

The improvement of national economic planning, involving more reliable foresight and better grounded decisions, is one of the prime tasks facing the government. The continued improvement of the economic regulators is simultaneously an important objective. A change in the producer price system is the main objective, which would mean that actual costs would more accurately be reflected in prices. At the same time, however, the policy on living standards must be kept in the foreground since a change in producer prices affects consumer prices also. Problems are increased by the fact that various state subsidies are often given to the weakest enterprises and even subjective factors play a role in the allocation of subventions.

Serious problems are caused by unfavorable price developments for export goods arising from lower prices on the world market. But far better results could have been achieved -- and this is the principal objective for the immediate future -- by producing articles in greater demand, of good quality, and which guarantee a good profit, and by the quick elimination of unprofitable articles. A 45,000 million forint credit from the Hungarian National Bank is to be used to modernize production. The government will also consider increasing the amount of these credits.

Prime Minister Lazar went on to emphasize the importance of the international division of labor: primarily, the potential offered by "socialist integration" with the Soviet Union and the other socialist countries is to be expanded and better exploited, but the broadening of co-operation with firms in the West is also important. More active market research, an increase in export services (information, etc.), and the building-up of better relations between researchers and enterprises are also important for the betterment of the country's international economic relations. In future the government will endeavor to rely more on enterprise initiative.

There is also a great deal to be done in the sphere of investments, an area in which there are many discrepancies. For instance, the rise in investments greatly exceeds the expansion of Hungary's national economic resources, and productive capacity is too small in relation to investment demand. In the granting of investment credits and state subventions stricter priorities and greater control over
investment implementation is to be expected. In the sphere of labor management also more planning is needed, according to Lazar: there is a labor shortage and the government wishes to utilize its credit authority to support investments reducing the need for labor. In addition, greater work discipline is required and a better exploitation of work time and valuable production equipment.

Lazar gave several examples of the rise in the cost of living. He said that real income per capita rose by 5.3 per cent in 1976-1977 (there was a 15.5 per cent rise in nominal income and a 9 per cent increase in consumer prices). Recently several important measures had been taken for a suitable improvement in the standard of living, such as an increase in shift allowances, increased supply of goods, etc..

C. Minister of Finance Reports on Budget. Minister of Finance Lajos Faluveci presented the bill on the implementation of the 1977 budget. In his introduction Faluveci said that in 1977, as a result of a more than 9 per cent growth in output and trade, the national income had risen proportionately. But the distribution of the increase to national income was not allocated equally between the enterprises and the state; the larger part had to be returned to the enterprises primarily in the form of an export tax refund to offset the rise in import prices, especially for coffee and protein fodder. As a result the enterprises' and co-operatives' share of total income grew and the centralized one, i.e., that of the budget, dropped.

Total state expenditure amounted to 364,800 million forint. Despite the fact that revenues exceeded the 1976 figure by 41,000 million, the balance of the budget could not be improved: foreign credits had to be taken on the international money market to meet simultaneously plans for the development of exports and the planned rise in the standard of living.

In 1977 enterprise and co-operative incomes increased substantially, but enterprise and co-operative leaders still complained that development plans could not be implemented because of the shortage of adequate capital.

The enterprises and co-operatives paid 49 per cent of their profits into the budget. In addition, they placed 9,500 million forint in their participation funds, 51,000 million in their investment and development funds, and 12,000 million in their reserve funds. Their participation funds grew by 9 per cent over 1976 and their development funds by 21 per cent.

The lack of balance in the national economy did not disturb enterprise activities. This is accounted for by two factors: significant state subsidies, and the unexacting regulatory system. Subsidies to enterprises in 1977 exceeded their after-tax profits by 60 per cent. The rise in state subsidies was, however, justified in most cases, said Faluveci, chiefly because of Western market favoritism hindering textile exports and the increasing difficulty of finding markets for machine exports because of flagging capitalist investment.
The Minister of Finance then discussed the wage situation and overstrained investments. Today enterprises have at their disposal significant wage reserves; this guarantees a secure long-term wages policy, but at the same time allows wage increases not related to increases in productivity or profit. Throughout 1976 the enterprises moderated the growth rate of their development funds, although to a lesser degree than planned. Based on the greater than expected profit they formed larger development funds which again led to greater investments than desired. This prompted the government to introduce measures limiting the increasing of enterprise funds, so that, for instance, state subsidies for new investments are granted in exceptional cases only, and stricter terms for credits and the use of reserves have been introduced, and certain tax reductions have been withdrawn. But at the same time a special fund exists to finance -- outside the normal credit regulations -- investments in the most highly profitable projects. The enterprises are also encouraged to make use of their own investment resources to cover the purchase of the most advanced machinery and equipment.

Faluvügi's announcement of future changes in the price and financial regulators is of special interest: a "large-scale reorganization" which raises "demands for efficiency of a higher standard than today" from the enterprises. Significant modifications will be introduced which will better reflect international price trends and enable the realistic calculation of actual profitability. State subsidies to unprofitably operating enterprises are to be eliminated at an accelerated rate, but to those firms which operate efficiently and guarantee larger profits the government will guarantee, according to the plan, "accelerated opportunities to increase the development and personal income [participation] funds." The government is attempting to re-establish the financial, budgetary, and foreign trade balance through reducing "unjustified" concessions and state subsidies and the support of enterprises operating profitably and guaranteeing an export income. But Faluvügi cautioned that it would be a mistake to justify all unfavorable developments on the grounds that the regulators were bad. The regulatory system must be improved, principally by elaborating a better price system, but "perfecting the regulatory system" has no point if the consistent application of the regulators cannot be guaranteed in the economic organizations.

In conclusion Faluvügi discussed the development of social and welfare benefits and asked the National Assembly to approve the report in its original text, which was done unanimously.

Question Time. During question time, the third item on the agenda, three speakers raised questions: one on the composition of the railway timetable, the second on cheaper fares for pensioners, and the third on the revision of a government resolution prohibiting building in a flood area. The ministerial answers to these questions were approved by the speakers and the National Assembly.
MINORITIES

2. Plea for "Sober and Objective" Talks on Minority Issues with Romania

In the 8 July 1978 issue of the Budapest literary and political weekly Elet es Irodalom, Academician Zsigmond Pal Pach, one of Hungary's leading historians, has taken issue with the harsh attack recently leveled against Hungarian poet Gyula Illyes by Romanian Academician Minheu Gheorghiu and has made a friendly but firm plea for "sober and objective discussion and friendly talks" between Hungary and Romania about ethnic minority problems.

Gyula Illyes (born in 1902) is Hungary's greatest living writer and poet, to whom even party leaders accord profound respect because of his bold social criticism prior to 1945. He is particularly troubled by the precarious lot of small nations or ethnic groups living within the political framework of other nations whose identity is exposed to the hazards of the geopolitical environment. Such apprehension inspired Illyes's article in the 1 January 1978 issue of the Patriotic People's Front daily Magyar Nemzet in which he formulated his fear about the future prospects of the "largest ethnic minority in Europe, whose mother tongue is Hungarian." Although he did not mention that he had in mind mainly Hungarians living in Romania, it was quite obvious whom he meant. On the Romanian side Academician Minheu Gheorghiu felt the need to rebuke Illyes in particularly strong terms in the early May 1978 issue of Luceafarul, the weekly of the Romanian Writers' Union.

In his long article, entitled "Along the Danube -- It Is Here You Must Live," Pach makes a vigorous and heavily documented effort to restore the "whole spiritual-political portrait" of Illyes after the "unwarranted distortions" wrought by Gheorghiu in order to lend more weight to his own arguments. As a result, Illyes is cleared by Pach of the slightest suspicion of nostalgia for revanchist nationalism and chauvinism as well as of fascist leanings. He reappears in his guise as a spokesman for the poor and oppressed as well as a fiery advocate of friendship among the people living along the Danube, who at an early stage recognized the need to "break radically and for good with all kinds of petty and venomous thinking and nationalist discrimination." Finally, Pach takes good care to point to Illyes's merits in making the masterpieces of Romanian literature accessible to Hungarian readers.

Apart from defending Illyes against Gheorghiu's accusations, Pach devotes a good part of his article to the ways in which, in his opinion, the problem of ethnic minorities ought to be approached by the two neighboring countries. Pach's dissertation on the reasons why problems could not be solved under the ancien régime follows the customary Marxist-Leninist interpretation of history viewed from the angle of class struggle. Thus, he claims that before World War I it was the antidemocratic unity of Hungarian ruling circles which stood in the way of an equitable settlement. Pach mentions that Romanian ruling circles were no better than their Hungarian counterparts. In fact, he said, the Romanian bourgeois-landowners' regime inherited the power of the Hungarian upper class in Transylvania after the overthrow of the
Hapsburg monarchy in 1918. This was done by helping the Horthyist
counterrevolution to victory in Hungary (an allusion to Bela Kun's
Red Army being caught between Romania's military intervention against
the Hungarian communist regime and Horthy's "White" forces), while
in the territory which then became part of Romania a large Hungarian
population was subjected to class and national oppression that was
essentially no different from the earlier one (that is, the pre-1918
oppression of Romans in Transylvania by the regime of Hungarian
bourgeois and landowner rulers). Later, Hungary and Romania became
easy prey for the expansion of the "third Reich" because of the dis-
cord and hostility between Hungarian and Romanian nationalism.
Hitler played them off against each other. "During this period the
national minorities living in the other's country did not form a
bridge but were treated as hostages." Pach clinches his argument
by saying that on one point only was there no difference between the
Hungarian and Romanian fascists: the prosecution, imprisonment,
and crushing of both communist and democratic forces. By the same
token, "Communists and the adherents of progress -- Hungarians,
Romanians, or members of other nationalities -- suffered together on
whichever side of the existing frontiers they lived..."

More important, however, is what Pach says about the period after
the "watershed" year of 1945. He admits that it was not such a simple
process to turn possibility into reality as was thought at the time
of "liberation" or even at the beginning of the 1950s. "At that time we
were living under the apprehension that the socialist transformation
would also solve by itself, almost automatically, the nationality question
in the Danubian region." But today, Pach asserts, a realistic view
of the situation prevails: national and ethnic problems cannot be
removed overnight. It is no longer possible to lose sight of their
traces or at times of their partial renewal by simply referring to
the friendship between the two peoples. Pach concedes that Illyes
is sometimes criticized even in Hungary because he gets carried
away by his enthusiasm for trying to improve situations. But he
belongs to those who perceive in the exchange of views a device for
uncovering the truth, whose attention is occupied not by phantoms but
by real issues and existing problems, questions which are by no means
unknown in the public life of friendly Romania.

Pach concludes that problems cannot be eliminated simply by keep-
ing silent about them (which, he said, is the line suggested by
Gheorghiu). In Pach's opinion the glossing over of problems entails
two risks: the real situation may appear to be better than it is,
and successes jointly achieved can lose their importance. The
solution of problems lies through objective, sober, and friendly
discussion and even more through persistent and exhaustive everyday
actions. Ethnic minorities should be protected from even the slight-
est hint of discrimination. It is in the common interest of the two
countries for minorities in Hungary and Romania to increasingly play
the role of "bridges," as stipulated by Janos Kadar and Nicolae
Ceausescu in June 1977. Pach feels that "the main responsibility for the
assertion of this role lies with the majority nation." Also the
"responsible attitude" of the minority is conditioned to a large
extent by the behavior of the majority nation, Pach concludes.
The measured, sober tone of Pach's article indicates that the Hungarian side is anxious to avoid exacerbating a delicate question with unnecessary diatribes, but that it is nonetheless fully aware of the existence and importance of the question, the proper handling of which will greatly influence the future development of relations between the two neighboring nations.

DOMESTIC ECONOMY

3. Red Tape Hinders Use of Patents

An increasing number of articles, broadcasts, reports, and interviews have dealt in the past two or three years with the inexplicable delays in the processing of Hungarian inventions and patents. Although some of these are of world importance, years, even decades, often elapse before red type can be overcome. The 1 July 1978 issue of the political and literary weekly Elet es Irodalom contained an article by Andras Mezei ("Something Hasn't Been Invented") that dealt with this problem.

In his introduction Mezei cited the example of some patents of national importance, promising profits of many million forint, which were never brought to the manufacturing stage, and finally became obsolete. There were inventions such as the polygon turning lathe devised by Karoly Gellert in 1968, or the boiler heated with mixed fuel invented by Peredi, or the sliding plow (gorgos eke), the brain child of Andras Kovacs. Mezei tried, in his article, to get to the bottom of the problem: why could no state enterprise be found to produce these articles of obvious profitability. The mistake, according to Mezei, is primarily in the deficiency of the existing economic regulators. The manufacture of an article which is labor-intensive is not profitable for an enterprise and the inventions cited above were of this nature. It is easier to implement enterprise plans if articles needing a large amount of material and little wages are produced. Factory managers are also often reluctant to undertake any risks: they prefer to manufacture goods they are familiar with, which can be produced without risk, and which involve no responsibility. As a typical example, Mezei cited the case of an invention which was also demonstrated in a television program: an elevator which is practically never out of order as it has a flexible regulating system built into it. Despite its obvious advantages, however, it has never been manufactured; and the reason for this is, according to Mezei, alarming: the production costs for the new elevator run to only 50 per cent of the old system; and if the enterprise sells the same number of elevators for half the price, it cannot fulfill its plan. The price of the more cheaply produced elevator cannot be raised by the factory because of stipulations in the enterprise regulating system. Twice as many elevators have to be produced and sold by the enterprise to fulfill the plan, but the order was for less. Everything remains as it was before: the old, more expensive, but lower quality elevator continues to be produced since there is no competition. The fate of the new invention awaits a decision by the authorities, but for the moment no one is producing it. It is also worth considering, wrote Mezei, that of an annual 71,000 enterprise inventions only 200 are adopted and implemented in other factories.
Mezei asks who is responsible for this state of affairs, and apportions the blame in the following way.

(1) Unnecessarily bureaucratic administration involves protracted decision-making so that inventions become obsolete; having no financial interest in any profits which might result, administrators therefore fail to urge the speedy settlement of matters.

(2) Research specialists see the importance of their inventions in achieving higher scientific rank for themselves rather than as an intellectual effort resulting in practical inventions of direct benefit to the public; for their purposes practical and useful inventions are not necessary, only an endless series of publications and articles.

(3) Factory leaders are not prepared to undertake the risks involved in the introduction of a new invention. If it is not successful the responsibility is theirs, if it is useful and profitable the enterprise receives practically nothing under the new regulatory system. Only a fraction of the extra profit goes to the factory leaders and not even that to the workers. If, on the other hand, they work according to "normal" routine without the introduction of patents and inventions, they might earn premiums equal to 30 per cent of their wages.

Mezei is of the opinion that the greatest invention would be a new and better regulatory system which would stimulate the implementation of inventions. He went on to expound some very interesting ideas such as the drawing up of a system according to which everybody who participated in some way in an invention would benefit from the profit. Administrators dealing with inventions and patents receive no remuneration for their successful development and thus have no interest in their speedy disposal. This ought to be changed. Inventors also have too little financial encouragement; on the national level less money is spent annually on inventors than on lottery winners. Their position is not easy: "their torment begins the moment they become creators." According to Mezei "we need a system of financial incentives which moves masses." Directors would also need greater authority: "the director's sphere of authority and ability to decide should enable us to regard him as a director in the literal sense of the word." The Hungarian National Bank could give credits to individual and group undertakings for the practical implementation of inventions. To finance one or the other large projects the public could participate by buying shares. Freedom of enterprise and independent initiative is not, according to Mezei, linked to capitalism. "We should aim not to damp interest but uninterest," said Mezei. "Nor do I picture the new nonmaterialistic type as possessing nothing at all." Mezei's final conclusion was that in order to change the present tedious and bureaucratic procedures Hungarian inventors are subjected to today, a new regulatory system is needed which would stimulate greater interest and encourage the shouldering of responsibility.
This question was also dealt with in an interview in the 8 July 1978 issue of Elet és Irodalom with the President of the National Patent Office, Emil Tasnadi, entitled "We Are that Rich." Tasnadi said that the development of foreign trade is vital for Hungary and represents 50 per cent of the national income. The modernization of the production system, on the other hand, is essential for it to hold its own ground on the world market; to this end two fundamental preconditions are necessary: the taking over of valuable licenses and their implementation, and the introduction of useful innovations and inventions. In both fields Hungary is in a hopelessly backward position. According to Tasnadi's data, in the sphere of buying and implementing foreign licenses Hungary is at the bottom of the list among the medium-developed countries. To illustrate how backward this really is, he enumerated the following countries belonging to the first category: the US, the Soviet Union, the FRG, Japan and Britain. In the second category he included France, Romania, Yugoslavia, Argentina, India, Czechoslovakia, and Finland. Countries with a medium output (third category), Hungary among them, are: Iran, Portugal, and Ireland; the last category includes Algeria, Cuba, and Uruguay.

There are 35,000 scientific researchers working in Hungary, but their sole endeavor is to achieve academic degrees: the titles of candidate and doctor. The former earns its holder a lifelong monthly stipend of 500 and the latter of 1,000 forint. Contrary to Western practice, these degrees are earned in Hungary through the publishing of articles and books and not through practical inventions. Only six scientific researchers out of 1,000 has a patented invention. This is one of the reasons, in Tasnadi's view, that Hungary is so backward in the field of inventions and innovations. He also agrees with Andras Mezei and supplements the former's conclusion, saying that in addition to bureaucracy, the fear of shoulderling risks and responsibility, human vanity and jealousy also hinder the implementation of innovations—"the vanity and jealousy of those who, for some reason or other, are unable or cannot create something new. . . ." Intellectual values are essentially losing their worth and nobody is managing these values adequately. "Accounts have to be rendered for a pound of nails, but not for the fate of an innovation promising a profit of millions."

To the question, how will Hungarian industry be able to stand on its own in foreign markets with this bureaucratic handling of inventions and innovations, Tasnadi replied:

There are two possibilities. Either we learn from the mistakes we have made and from our omissions and examine our situation -- the opposition of many led by personal interest, vanity and jealousy -- and act more firmly and faster, or we get such a punch on our nose in the world market that the blows will bring us round and force us to take the steps we must: the adoption of more up-to-date methods.
AGRICULTURE

4. Speedy Delivery of West German Combines Helps Save Hungarian Harvest

On the state farms and agricultural co-operatives using the closed production systems (cps) for years already the wheat yield per ha. has exceeded 40 quintals (4 metric tons), at times even reaching 50 to 60. But the Soviet-manufactured combines, with a 4 to 5 kilogram grain by-pass output per second, used on the farms proved to be insufficient to harvest the large yield. The government, therefore, purchased combines from the West (John Deere, Claas) with a grain by-pass of 6 to 8 kilograms. Meanwhile the average wheat yield rose in the other Comecon countries also. To guarantee successful harvesting operations, following the Soviet Union, Poland also started to manufacture combines with a larger capacity (6 to 10 kg). In order to save foreign currency Hungary increasingly prefers to buy, after Western imports, large capacity combines from the Comecon countries. This is what Agrotroszt planned for 1978. But the Soviet partner would not undertake to export to Hungary the latest type SZK-6/II combines. The Polish foreign trade firm signed an agreement for the sale of 150 large capacity Bisson-Gigant combines but agreed to deliver only 50 of these for this year's harvest (Magyar Mezo-gazdaság: Informaciók, 9 March 1978). The situation is similar in the delivery of the E-516 type combines from the GDR. Compounding the problem, the arrival of the Comecon machines was delayed. Only the West German Claas firm's 300 combines arrived in time in the course of May (Magyar Mezo-gazdaság: Informaciók, 29 June 1978).

The member farms of the Szekszárd Horticultural System (Szekszárdi Növénytermesztési Rendszer) got into a very difficult situation because of the delayed transport since they had based their grain harvest plans (which allowed for no losses) on the East German and Polish deliveries and only a very few of the ordered number arrived in time. The Ministry of Agriculture and Food and Agrotroszt sympathized with the plight of the member farms and proposed to the Ministry of Foreign Trade that, on top of the plan, an additional consignment of 50 combines should be imported from the West German Claas company. The Ministry of Foreign Trade agreed, though belatedly, and the West German firm reacted extremely speedily and sent the additional (to the earlier 300) 50 combines by special train. The combines arrived on June 10 and can therefore be used for this year's harvest (Radio Budapest, 14 July 1978).

The Claas combines made their first appearance in Hungary in the summer of 1970. Hungarian specialists were extremely satisfied with their performance and urged the Ministry of Foreign Trade to increase their import, but the currency situation of the Hungarian national economy made this difficult. Thus the Hungarian government agreed that in the course of 1974 the Agricultural Machinery Trust (Mezőgép Troszt) could sign an agreement with Claas according to which payment for the combines would be partially made with various machine parts. This successful co-operation, as the Claas combines continued to give the highest satisfaction on Hungarian farms, was followed by a new agreement in 1976 according to which between 1976 and 1978 the Claas firm was to supply Hungarian farms with more than 600 combines valued at DM 45,600,000. The 1978 shipment was a part of this agreement.
Now the Hungarian partner is paying with agricultural machinery and parts for the entire value of the combines to the West German company. Both partners have started negotiations on the renewal and expansion of the agreement, which expires in 1978 (Nepszabadsag, 11 June 1978).

5. Co-operation Projects Help Increase Agricultural Exports to West

The profitable growth of agricultural production and an increase in the export of the food processing industry in Hungary requires continued expansion of relations with the West and a wider exchange of experiences. This statement is reflected in the HSWP CC resolution of 15 March 1978 on the development of agriculture and the food industry: "We endeavor, based on mutual advantage, to expand trade and to widen production co-operation ventures with the capitalist countries" (Nepszabadsag, 18 March 1978).

Presumably this was the idea that led the Joint Committee on Hungarian-Turkish Economic Co-operation, created at the end of May, to stress that economic relations between the two countries can be promoted primarily through agricultural co-operation. Furthermore, both partners stress the importance of selling products from joint ventures in the food industry on third markets and, finally, of scientific co-operation (Dunantuli Naplo, 27 May 1978).

The expansion of relations with the West was boosted by the Minister of Food and Agriculture Pal Romany's visit to Finland in mid-June 1978, where he negotiated in Helsinki with Finnish Deputy Prime Minister Dr. Johannes Virolainen on opportunities for expanding agricultural and food industry co-operation between the two countries (Nepszabadsag, 20 June 1978). It was also mentioned that the Finnish machine industry would participate in the development of the Hungarian food-processing and agricultural machine industry. In return, the Hungarian partner could increase its food exports to Finland (Radio Budapest, 19 June 1978).

State Secretary for Agriculture and Food Gabor Soos led a delegation of four to Great Britain (Magyar Nemzet, 4 July 1978). During their stay he visited the Royal Agricultural Show and several agricultural research institutes and farms, and negotiated with the British deputy Minister of Trade on the expansion of exchanges of agricultural and food industry produce between Britain and Hungary. In the course of the visit Soos established that there were ample opportunities for co-operation between the two countries, primarily between their respective agricultural research institutes. Hungarian foreign trade would also be willing to purchase British machinery if it could pay for this with food exports (Magyar Hirlap, 9 July 1978). Soos, having completed his visit to Britain, continued his travels to Spain on a similar mission (Radio Budapest, 8 July 1978).

It is not only top ministry officials who are privileged to acquire experiences in the West aimed at increasing agricultural output: simple farm workers also have opportunities to learn about agriculture in developed Western countries. For example, 25 young
agrarian specialists recently spent six months in the US to study profitable farm methods (Magyar Nemzet, 4 June 1978). In the middle of June, 31 agricultural specialists from Somogy County went to Denmark to study modern cattle breeding and milk production methods (Somogyi Neplap, 16 June 1978); and at the beginning of July, horticulture specialists went to Holland to study various modern methods of vegetable and fruit growing (Nepszabadsag, 5 July 1978).

6. Agro-Industrial Associations: Impeded by Conflicting Interests

The Ministry of Agriculture and Food held a meeting in Gyorszamoly, Gyor County on 27 June for the four Agro-Industrial Association leaders. Among those attending were Minister of Agriculture and Food Pal Romany, Jozsef Vago, of the HWSF CC, and other specialists from ministries and other national organizations. On the basis of a report of the Directorate General for Industrial Administration in the Ministry, the participants discussed the financial situation of the agro-industrial associations and their previous experiences (Kisalfold, 28 June; Magyar Mezogazdasag, 5 July 1978).

The creation of the agro-industrial association was preceded by stormy debates which lasted for years. The party economists and the agricultural specialists were unable to agree under what terms and regulations coequal and profitable co-operation of reciprocal interests could be developed between agricultural producers, the food processing industry, and trade, i.e., between the agricultural co-operatives and the state enterprises. The debate was put to an end by a 23 March 1976 HSWP Politburo decree. In this the party proposed, as the basis of co-operation between the two sectors, a new enterprise-type link on a trial basis -- the agro-industrial association -- and said that a final decision would be reached on the future of this new form of management and the expansion of its potential in two or three years (see Hungarian Situation Report/42, Radio Free Europe Research, 17 November 1976, Item 3).

Following the political decision, by the end of 1976, four agro-industrial associations had been created in four different parts of the country. These encompassed altogether 45 agricultural co-operatives, 5 agricultural co-operative trade associations, 5 state farms, and 9 food industry enterprises, their activities spread over 250,000 ha. of agricultural land. The founders raised 75,000,000 forint: 60 per cent from the agricultural co-operatives and 40 per cent from the state enterprises. For future joint activities the members of the associations paid into a fund a specified amount annually. The members kept their economic and legal independence but as they also pursued joint productive and processing activities, a new form of capital investment came about in the national economy -- joint state-co-operative property (Gazdalkodas, March 1978).

The operations of the agro-industrial associations were followed with special attention by the ministry, and their economic activities and financial status were assessed every three months. The national conference in Gyorszamoly was the occasion for such an assessment.

The participants in the conference agreed that, in the past period, the associations had generally operated successfully; agri-
cultural production had increased on the member farms and the initial starting assets had quadrupled; and they concluded that the agro-industrial associations "have a future." Later, Minister of Agriculture and Food Pal Romany endorsed this in a statement at the National Assembly's summer session on the four associations, declaring that "they were created to maintain closer relations between agricultural production and processing and as a new form of economic integration" (Magyar Hirlap, 8 July 1978).

It came to light, however, that in some cases the attitude of the state enterprises is restraining those of the associations' activities which are proving useful. Food industry enterprises, for example, are delaying their obligatory contributions to the joint assets or failing altogether to make them. This is why the establishment of a paprika processing factory at the agro-industrial association in the neighborhood of Kalocsa (Radio Budapest, 30 June 1978) has been delayed. (Up to now the processing and marketing of paprika pepper was considered a state monopoly.) As the food industry has been participating in the association's activities on the basis of a reduced contribution to assets, the usual ratio of 60:40 per cent (co-operative-state) was changed to 74:26 per cent. As a result of this the state sector's interest in the joint enterprise's profitability dropped to a minimum, and this hindered the development of profitable vertical integration between production and processing. In practice this meant that the agricultural co-operatives profited hardly at all from the processing and marketing of agricultural products.

The participants in the conference urged the strengthening of the reciprocality of interests between the two sectors for profitability in the associations. It was also proposed that the state should offer financial preferences to the joint undertakings. If both proposals are passed it would mean that the state would transfer a larger part of the profits from processing and marketing of agricultural products to the agricultural co-operatives.

EDUCATION

7. Summer Universities

In the sphere of higher education the summer universities represent a unique Hungarian institution. Summer universities are intensive courses held in various disciplines for foreigners and Hungarians alike. These relatively short (10-12 day) courses have gained great popularity over past years particularly among foreigners owing to the varied activities which are provided in addition to the lectures. Apart from the excellent study program there is plenty of opportunity for entertainment including excursions into the countryside, concerts, art exhibitions, social gatherings, all in all a good chance to enjoy the sunny side of the Hungarian way of life.

The courses are directed by the Executive Committee of the Summer Universities, a body of experts who devise, co-ordinate and advertise the various courses, with the actual organizational work being done by the Society for the Dissemination of Scientific Knowledge (TTT) with the assistance of the local institutes of higher education.
Hungarian Situation Report/18, page 18 27 July 1978

Over the past 6 years the summer universities have attracted some 15,000 visitors from 53 countries. The Americans, Italians, West Germans, and French top the list from the West, and the East Germans, Poles, and Czechoslovaks from the socialist countries (Radio Budapest, 30 August 1977). Some participants even came from such remote countries as Australia, Ecuador, Japan, Peru, and New Zealand. The annual number of summer university students has ranged from 1,200 to 1,500 from the socialist countries, and from 600 to 800 from Western countries, to which some 600 Hungarians should be added (Kulturális Intézmények és Szervezetek Magyarországon /Cultural Institutions and Organizations in Hungary/ Lexikon, /Budapest, Kossuth Publishing House, 1976/7, p. 246). In 1977, the total number of participants was 2,500.

This year summer universities will be held in the following places:

The Summer University of Pecs (a large town in Transdanubia, center of Baranya County), officially called the Summer University of People's Friendship, will, for the 20th year, arrange courses on political themes. The main topics are international friendship and the fight for peace. The participants will be instructed in two groups. Over the last 19 years more than 5,000 visitors have taken part in these political courses.

The "Art Universitas" will also be held in Pecs. This course will cover contemporary Hungarian visual art, especially 20th-century art styles, Hungarian Arte Nouveau style, and the Alfold (Great Plains) school of painters.

In the middle of August the Savaria Summer University will be held in Szombathely (center of the Transdanubian Vas County) for experts in urban studies. With the support of the Hungarian Society for Urban Studies and with the help of special funds, Russian, Austrian, and Yugoslav experts will participate in the course on problems of urban development. The lectures are to be held in Hungarian, Russian, English, French, and German and will be translated simultaneously. Applications for this course have been registered from 14 countries and Hungarian experts from 43 towns will also join the course. In addition, a new symposium, the Forum of Hungarian Towns, will be arranged in order to debate topical problems of urban administration.

The Summer Art University in Esztergom (a town situated on the Great Bend of the Danube) is offering for the 14th year running an intensive course for music teachers on the Kodaly method. This method was invented by the musician and composer Zoltan Kodaly (1882-1967) for the musical education of children. The course will be attended by 84 visitors from 20 countries, mostly from France and the USA. Guests from Lebanon and Tunisia are participating for the first time. Besides theoretical lectures practical demonstrations supplement the course.

On the program of the Eger (a town in Heves County) Summer University are two courses: one on the protection of monuments and the other on the art of cinematography. The first course is taking place for the eighth time; and, together with the Hungarian lecturer, some foreign experts will also be invited. The second course, which is
being held for the fifth time, will present a comprehensive assessment of Hungarian films and particularly the work of the noted film director Zoltan Fabri.

The Summer University in Veszprem (center of the Transdanubian Veszprem County) is also arranging two different courses. The one being held for the 21st time will be organized mainly for Hungarian teachers and university students to familiarize them with the problems of water conservation in Veszprem County and to acquaint them with the countryside, principally Lake Balaton, Bakony Mountain, and with the local atmosphere, folklore, and cuisine. The second course, being held for the second time, is for art restorers. The 200 participants will come from 24 countries.

The Summer University of Miskolc (center of Borsod County) is holding a course for the third time on sociopolitical questions. This time the lectures and discussions will center around the following theme: the socialist way of life as related to general education and the role of the socialist brigades in the molding of educational habits. This course is one of the largest, with 400 visitors taking part, mainly Hungarians.

The Summer University of Sopron (an historic old town near the Hungarian-Austrian border) is holding its course for the 22nd time, this year on ecology and environmental protection. There will be 13 lectures for 150 guests: forestry engineers, physicians, teachers, etc. The foreign visitors on the course will come from the USA, Yugoslavia, and East Germany.

In August a Summer University will be held in Budapest on economics. For the seventh time, internationally recognized authorities will lecture economists and financial and enterprise managers coming from 11 countries (including China, the USA, Canada, Switzerland, and West Germany) on problems related to the Hungarian economy, thus, on national economic development, the system of economic management, the control of prices and company profits, and on agricultural policy.

The Summer University in Szeged (a large town on the Tisza River, near the Hungarian-Yugoslav border) is offering a course on pedagogical systems and theory. These courses, which have been running since 1964, represent an advanced form of retraining for educationalists. This year some 230 Hungarian experts: school directors, leaders of study circles, school inspectors, and teachers are attending the course.

Hungarian language and literature will be taught once more at the Summer University of Debrecen (center of Hajdu-Bihar County).

The traditional meeting of Esperantists will be organized for the 16th time at the Summer University of Gyula (a provincial town in Bekes County) and lectures on special Hungarian themes such as the Tisza River region, folk-songs, and the lives and works of inventors will be included in the curriculum.

The Summer University of Zalaegerszeg (center of the Transdanubian Zala County) will familiarize visitors with Hungarian folk art.
The Summer University of Salgotarjan (a coal-mining center in the north of Hungary) will offer lectures on youth policy.

The activities of the Hungarian summer universities provide an excellent opportunity for foreigners to become acquainted with Hungarian history, culture, and economy, and to familiarize themselves with the problems of present-day Hungary. The relatively liberal atmosphere of the courses has prompted one radio commentator to make the following remark: "the summer universities provide opportunities for many things, including discussion; that is a means to get better acquainted with one another. It also provides opportunities for the free flow of ideas and for dialogue between individuals on a more direct and active level, thus considerably serving the spirit of Helsinki" (Radio Budapest, 30 August 1977, 1500 hours).

SOCIAL ISSUES

8. Sharp Increase in Alcohol Prices Announced

Radio Budapest announced in its 0800 hours newscast on July 23 that, as of July 24, the price of spirits would be increased by an average of 25 per cent. Within this framework, the price of particularly strong hard liquor has been increased to a greater extent: distilled fruit spirits (brandy) will cost between 30-36 per cent and cognac up to 35 per cent more. The announcement says that the price increase will affect "shops as well as fourth-class /the lowest category/ catering enterprises." It does not explicitly mention the higher category catering enterprises, but this does not mean that the price increase will not apply to them also. The aim of the increase is to deal a further blow to the alarming spread of alcoholism, and since fourth-class catering enterprises are the most notorious places for the mass consumption of alcohol, the price increases should hit them first. It can be taken for granted that the prices have also been raised in the higher-class catering establishments in which hard liquor was in the first place, more expensive before the present price hike.

The new measure against alcoholism has not come as a surprise. It was foreshadowed by Prime Minister Gyorgy Lazar's report to the National Assembly on July 6 on the implementation of the government's program. Lazar complained about the "invariably rapidly increasing consumption of alcohol" and the large number of alcoholics. "We have already adopted measures /In order to curb the spread of alcoholism/ but we realize that we need to go even further. . . ."

On 1 January 1978, a Ministry of Domestic Trade decree introduced serious restrictions on the sale of alcoholic drinks by catering enterprises. Since the limitations did not apply to food stores, which also sell alcoholic beverages, it was easy for inveterate drinkers to bypass the hurdle. As a result, in the first four months of 1978 more alcohol was consumed than in the corresponding period of 1977. In particular, the sale of alcoholic drinks by food shops doubled.
Hungary ranks third in the world list of hard alcohol consumption. In recent years, the consumption of hard liquor increased by some 70 percent. It has been calculated that in 1977 Hungarians spent between 33-34,000 million forint on alcohol. For comparison, in the same year 36,300 million forint were disbursed for pensions. In 1977, the per capita consumption of the population in terms of pure alcohol amounted to 8.8 liters.

It has been recognized for a long time that alcoholism in Hungary has become a "national disease." In 1977, there were almost 1,000,000 people from all age groups and both sexes who were considered alcoholics or seriously threatened by alcohol.

The recent price increase approaches the issue from the sensitive angle of the purse. It has been devised to make deep inroads into the incomes of the lowest salary brackets which provide the largest number of indurate drinkers. Time will show how effective the new measure will be, but the record is not encouraging. Alcoholics have so far avoided no obstacle in order to slake their thirst; will the pinch in their pockets lead to some sobering up? Not according to Radio Budapest commentator Dezso Pinter, who says that "anyone who believes that the alcohol price increase will reduce the number of alcoholics in Hungary will be disappointed" (Radio Budapest, 24 July 1978, 0645 hours).

At any rate, one can only agree with the opinion voiced in the Patriotic People's Front daily Magyar Nemzet of 20 June 1978 that "in the struggle against alcoholism we are still at the very beginning. Alas."

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